

Message Text

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ACTION MC-02

INFO OCT-01 EA-06 ISO-00 EB-07 NSAE-00 TRSE-00 ERDA-05

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TO SECSTATE WASHDC 8502

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C O N F I D E N T I A L SEOUL 1170

E.O. 11652: GDS

TAGS: MILI, KS

SUBJECT: END USE CHECK OF EXPORT LICENSE APPLICATION
BY ANAWELL INC.

REF: (A) STATE 27279; (B) CHJUSMAG 280556Z JUN 74
(C) SEOUL 1171

SUMMARY: REVIEW OF THE RECORD ON 155MM AND 105MM
HOWITZERS AND 106MM RECOILLESS RIFLES INDICATES THAT
THE GUN TUBES TO BE PURCHASED FROM ANAWELL FOR EXPORT
ARE FOR GUNS TO BE PRODUCED IN KOREA AND NOT FOR
RESEARCH AND DEVELOPMENT AS ROKS HAVE STATED. WE
BELIEVE ROKS SHOULD OBTAIN PERMISSION TO PRODUCE
THESE ARTILLERY PIECES BEFORE ANAWELL IS GIVEN EXPORT
LICENSE TO SHIP TUBES. END SUMMARY.

1. WHILE THE ROKG HAS REQUESTED 155, 106 AND 105MM
GUN TUBES FROM ANAWELL "FOR RESEARCH AND DEVELOPMENT",
IT IS CLEAR FROM THE RECORD AND ROKS OWN STATEMENTS
TO US THEY PLAN TO "PRODUCE" NOT JUST RESEARCH AND
DEVELOP THESE GUNS IN KOREA. IN 1974 ROKS REQUESTED
US PERMISSION TO PRODUCE TWENTY FOUR 105 MM HOWITZERS
AND EIGHTEEN 106MM RECOILLESS RIFLES; TO DATE THIS
1974 PRODUCTION REQUEST TRANSMITTED BY REF B HAS NOT
BEEN ANSWERED BY US DEPARTMENT OF ARMY. ALTHOUGH
QUANTITIES OF ITEMS PRODUCED TO DATE HAVE BEEN SMALL
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BY US STANDARDS ROK MND ACTION LEVEL OFFICIALS HAVE

AGREED WITH US THAT THEY CONSTITUTED "PRODUCTION" REQUIRING US CONSENT, AND THEY HAVE INFORMALLY SHOWED US 1975 "PRODUCTION" PLANS FOR 105S, 155S AND 106S. THE 390 TUBE FORGINGS WHICH KOREANS PROPOSE BUYING FROM ANAWELL IN FACT APPEAR TO US TO REPRESENT ABOUT TWO YEARS' PRODUCTION. WE NOW UNDERSTAND THAT ROKS SEEKING TO BUY 420 TUBES FROM CABOT CORPORATION AND TIMKEN COMPANY IN THE U.S. (REF C). THESE COULD BE IN ADDITION TO OR A SUBSTITUTE FOR ANAWELL PURCHASE.

2. ROKS STATED REASON FOR NOT BEING ABLE TO PROCESS FORMAL REQUEST FOR U.S. CONSENT TO PRODUCE THESE GUNS IN KOREA IS THAT INFLATION AND RECENT WON DEVALUATION HAVE CAUSED UNCERTAINTIES AS TO THE NUMBER OF GUNS THEY CAN PRODUCE AND SHOULD CITE IN REQUEST. THEY APPEAR TO HAVE NO SUCH UNCERTAINTY ABOUT REQUESTING SPECIFIC AND SUBSTANTIAL NUMBERS OF TUBES TO BE EXPORTED FOR R&D HOWEVER. WHILE THERE IS TECHNICALLY SPEAKING SOME JUSTIFICATION IN ROKS LABELLING REQUEST "FOR R&D PURPOSES", SINCE THEY ARE STILL SHAKING DOWN GUN PRODUCTION LINES AND MAKING MODIFICATIONS TO GUNS IN QUESTION, THERE IS SUBSTANTIAL INDICATION THAT THEY ARE SIMPLY TRYING TO CIRCUMVENT FORMAL REQUEST FOR PRODUCTION APPROVAL IN EFFORT TO SPEED UP PRODUCTION PROCESS.

3. WITH ABOVE AS BACKGROUND FOLLOWING ARE SPECIFIC RESPONSES TO QUESTIONS IN PARA 3, REF A, KEYED TO LETTERED SUBPARAGRAPHS:

(A) WE HAVE SUPPORTED AND GENERALLY EXPECT TO CONTINUE SUPPORTING ROK EFFORTS TO PRODUCE CONVENTIONAL WEAPONS AS CONTRIBUTIONS TO ROK SELF SUFFICIENCY. TO THIS EXTENT WE CONSIDER ANAWELL TRANSACTION VALID. WE BELIEVE IT IS PREMATURE HOWEVER, INASMUCH AS ROKG HAS NOT YET SUBMITTED REQUEST FOR US CONSENT TO PRODUCE QUANTITIES OF END ITEMS INVOLVED.

(B) ROKG INTENDS TO CONTINUE EMPHASIS ON DEVELOPMENT OF IN-COUNTRY PRODUCTION CAPABILITY FOR

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CONVENTIONAL WEAPONRY AND MUNITIONS. MOST OF THE ITEMS INVOLVED ARE EITHER OBSOLETE OR OUT OF PRODUCTION IN CONUS OR ARE NEARING THAT STATE. WITH OUR PERMISSION THEY ARE ALREADY PRODUCING 60 AND 81MM MORTARS AND AMMO. ROKG AGENCY FOR DEFENSE DEVELOPMENT IS CURRENTLY ENGAGED IN FURTHER PROTOTYPE WORK ON: TOWED 40MM AA GUN AND AMMO; 20MM VULCAN CANNON ASSEMBLY; 106MM RECOILLESS RIFLE AMMO; NAVAL 5" GUN AMMO; 500-LB. BOMB; MK44

TORPEDO. THEY ALSO HAVE ON-GOING PROJECTS TO DEVELOP AN IMPROVED 3.5 INCH ANTI-TANK ROCKET AND TO DESIGN, FABRICATE, TEST, AND FIELD A QUALITY SHLID-STATE REPLACEMENT FOR THE KOREANS WAR VINTAGE U.S. AN/PRC-6 RADIO.

(C) ROKS HAVE DYNAMIC DEFENSE R&D PROGRAM AND ARE ENGAGED IN RAPID BUILD UP OF THEIR OWN DEFENSE INDUSTRY. THEY ARE SOMETIMES FRUSTRATED BY NECESSARY WASHINGTON CLEARANCE REQUIREMENTS AND PROCEDURES AND THEY TEND TO LOOK FOR SHORTCUTS. IN OUR MUTUAL INTEREST WE BELIEVE WE SHOULD SPEED UP AND STREAMLINE CLEARANCE PROCEDURES WHEREVER POSSIBLE. ON OTHER HAND WE OBVIOUSLY MUST HOLD OUT AGAINST EFFORTS TO CIRCUMVENT VALID PROCEDURES.

(D) ACCORDINGLY, IN THIS CASE WE RECOMMEND ANAWELL APPLICATION BE DEFERRED AND THAT ANAWELL BE SO INFORMED. IN MEANTIME WE WILL URGE ON ROKG NECESSITY FOR PROMPT SUBMISSION OF REQUEST FOR PRODUCTION PERMISSION ON BASIS THEIR BEST PLANNING ESTIMATES. AS INDICATED REF C WE BELIEVE EXPORT APPLICATION TO EXPORT GUN TUBES FROM PACIFIC INTERNATIONAL SHOULD BE TREATED SIMILARLY. SNEIDER

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